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(सूक्ष्म, लघु और मध्यम उद्यम)
सूक्ष्म लघु और मध्यम उद्यम मंत्रालय
(भारत सरकार)

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MSME
MICRO, SMALL & MEDIUM ENTERPRISES
सूक्ष्म लघु और मध्यम उद्यम

OFFICE OF THE DEVELOPMENT COMMISSIONER
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F.No.22 (1)/2012-MA

24th October, 2016

OFFICE MEMORANDUM

This office has been receiving a number of enquiries/ issues/ questions on various issues and interpretations on the provisions of the Public Procurement Policy for MSEs Order, 2012 from the Ministries/Departments/CPSUs. In this connection, frequently asked questions (FAQs) and their answers have been prepared and are circulated hereby to the Ministries/Departments/CPSUs for effective implementation of the Policy. Further queries, if any, may please be communicated to this office

Encl: As above

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To,

1. All the Concerned Secretaries of Ministries/Departments.
2. Chairman-cum-Managing Director, all the central public sector undertakings.
3. Director, Senet of the O/o DC (MSME) with request to host on the website.
4. All the Director, MSME-DIs.

FREQUENTLY ASKED QUESTIONS

ON

PUBLIC PROCUREMENT POLICY FOR MSEs, ORDER 2012

Dated : 24th October,2016

Q. No. 1 What is the share of procurement from MSEs out of the total procurement made by Central Government Ministries / Departments / Public Sector Undertakings?

Ans. Under Public Procurement Policy for MSEs, a minimum 20 per cent share out of the total procurement by Central Government Ministries / Departments / Public Sector Undertakings are to be made from MSEs.

Q. No. 2 Whether there is any reservation for MSEs owned by SC /ST entrepreneurs?

Ans. Yes, out of 20% target of annual procurement from MSEs, a sub-target of 4% is earmarked for procurement from MSEs owned by Scheduled Caste (SC) / Scheduled Tribe (ST) entrepreneurs. However, in event of failure of such MSEs to participate in tender process or meet tender requirements and L1 price, 4% sub-target for procurement earmarked for MSEs owned by SC/ST entrepreneurs will be met from other MSEs.

Q.No. 3. Who is eligible for availing benefits under the Public Procurement Policy?

Ans. The MSEs who are registered with District Industries Centers (DICs) / Khadi & Village Industries Commission (KVIC) / Khadi & Village Industries Board (KVIB) / Coir Board / NSIC / Directorate of Handicrafts and Handloom or any other body specified by Ministry of Micro, Small & Medium Enterprises (MoMSME) are eligible for availing benefits under the Public Procurement Policy. With effect from 18.09.2015, MSEs registered under Udyog Aadhaar Memorandum(UAM) are also eligible to avail the benefits under Policy.

Q.No. 4 What is the date of implementation of this Policy?

Ans. The policy is applicable with effect from 1.4.2012. However, the policy has become mandatory with effect from 1.4.2015 onwards.

Q.No. 5 Whether Policy is transparent, competitive and cost effective?

Ans. The Policy rests upon core principles of competitiveness, adhering to sound procurement practices and execution of orders for supply of goods and services in accordance with a system which is fair, equitable, transparent, competitive and cost effective.

Q.No. 6 Whether the Policy is implemented in parts or fully from its inception?

Ans. Every Central Ministry / Department / PSU has to set an annual goal for procurement from MSEs at the beginning of every financial year, with the objective of achieving an overall procurement of minimum 20 per cent of total annual purchases of Goods produced / services rendered by MSEs in a period of three years. After 3 years, i.e. from 1.4. 2015, overall procurement goal of minimum 20% has become made mandatory.

Q.No. 7 Whether there is any monitoring system for assessing the Government procurement from MSEs?

Ans. Data on Government procurements from MSEs is vital for strengthening the Policy. Towards this, every Central Ministry / Department / PSU is to report goals set with respect to procurement to be met from MSEs and achievement made thereto in their respective Annual Reports.

Q.No. 8 Whether there is price match making facility for procurement from MSEs over large scale?

Ans. In tender, participating MSEs quoting price within band of L1+15% shall also be allowed to supply a portion of requirement by bringing down their price to L1 price in a situation where L1 price is from someone other than an MSE. Such MSEs shall be allowed to supply atleast 20% of total tendered value. In case of more than one such MSE, the supply will be shared proportionately (to tendered quantity).

Q.No. 9 What steps are to be taken by the Government Ministries / Departments / CPSUs to develop MSE Vendors so as to achieve their targets for MSE procurement?

Ans. Central Ministries / Departments / PSUs have to take necessary steps to develop appropriate vendors by organizing Vendor Development Programmes / Buyer-Seller Meets and entering into Rate Contract with MSEs for a specified period in respect of periodic requirements.

Q.No. 10. What steps are to be taken by the Government Ministries / Departments / CPSUs to develop vendors from MSEs owned by SCIST entrepreneurs?

Ans. For enhancing participation of MSEs owned by SCs / STs in Government procurement, Central Government Ministries / Departments / PSUs have to take following steps:

- i. Special Vendor Development Programmes/ Buyer-Seller Meets would be conducted by Departments/ CPSUs for SC/STs;
- ii. Outreach programmes will be conducted by NSIC to cover more and more MSEs from SC/STs under its schemes of consortia formation; and
- iii. NSIC would open a special window for SCs / STs under its Single Point Registration Scheme (SPRS).

Q.No. 11 What are the other benefits/ facilities available to the MSEs under the Policy?

Ans. To reduce transaction cost of doing business, MSEs will be facilitated by providing them tender sets free of cost, exempting MSEs from payment of earnest money, adopting e-procurement to bring in transparency in tendering process.

Q.No. 12. Whether there is any review mechanism for monitoring and review of the Policy?

Ans. A Review Committee has been constituted under chairmanship of Secretary, MoMSME for monitoring and review of Public Procurement Policy for MSEs. MoMSME will review and/or modify the composition of the Committee as and when required. This Committee will, inter alia, review list of 358 items reserved for exclusive purchase from MSEs on a continuous basis, consider requests from Government Departments, CPSUs for exemption from 20% target on a case to case basis and monitor achievements under the Policy.

Q.No. 13. What is the grievance redressal mechanism in case of non-compliance of the Policy by any Government Department?

Ans. A 'Grievance Cell' would be set up in MoMSME for redressing grievances of MSEs in Government procurement. This cell would take up issues related to Government procurement raised by MSEs with Departments / agencies concerned, including imposition of unreasonable conditions in tenders floated by Government Departments / agencies that put MSEs at a disadvantage position.

Q.No. 14. Whether there is any kind of purchases that have been kept out of the purview of the Procurements under the Policy and if yes, how monitoring of the goal set will be done ?

Ans. Given their unique nature, defence armament imports will not be included in computing 20% goal for MoDefence. In addition, Defence Equipments like weapon systems, missiles, etc. will remain out of purview of such policy of reservation. Monitoring of goals set under the policy will be done, in so far as they relate to the Defence sector, by Ministry of Defence itself in accordance with suitable procedures to be established by them.

Q.No.15. From where the detail of the Policy can be obtained?

Ans. Policy details are available on the website of this office- www.dcmsme.gov.in.

Q. No. 16. Whether this Policy is mandatory under any Act?

Ans. Yes, The Policy is mandatory and notified under the MSMED Act,2006.

Q.No.17. How many items are reserved for exclusive purchase from MSEs?

Ans. There are 358 items reserved for exclusive purchase from MSE Sector and 21 items reserved for exclusive manufacturing in MSE Sector which is not concerned to the Public Procurement Policy.

Q.No.18. Whether this policy is applicable for works / trading activities also?

Ans. Policy is meant for procurement of only goods produced and services rendered by MSEs. However, traders are excluded from the purview of Public Procurement Policy.

Q.No.19. Whether policy is applicable for MSEs registered with NSIC?

Ans. Policy is applicable to MSEs registered with DIC/KVIC/KVIB/Coir Board/NSIC/Directorate of Handicrafts and Handloom or any other body specified by Ministry of MSME. With effect from 18.09.2015 the MSEs registered under UAM are also eligible to avail the benefits of PP Policy.

Q.No.20. Whether policy provides benefits for exemption from Security Deposits to MSEs?

Ans. No. Policy provides benefits to supply of tender sets free of cost and exemption from payment of earnest money etc.

Q.No.21. Whether MSE quoting price within price band L1 + 15 % could be given complete supply to tender in case tender item is non-splitable / non-dividable?

Ans. In case of tender item is non-splitable or non-dividable, etc. MSE quoting price within price band L1+15% may be awarded for full/ complete supply of total tendered value to MSE, considering spirit of policy for enhancing the Govt. procurement from MSE.

Q.No.22. Which are MSEs owned by SC / ST enterprises?

Ans. Definition of MSEs owned by SC/ ST is as given under:

- (a) In case of proprietary MSE, proprietor(s) shall be SC /ST.
- (b) In case of partnership MSE, the SC / ST partners shall be holding at least 51% shares in the unit.
- (c) In case of Private Limited Companies, at least 51% share shall be held by SC/ST promoters.

Q.No.23. Whether Government Ministries / Departments / CPSUs those have meager value of total procurement may be exempted from policy?

Ans. Policy is applicable to all the Govt. Ministries / Departments / CPSUs in irrespective of volume and nature of procurement.

Q.No.24. Whether policy has provision for exemption from 20% procurement target?

Ans. The Review Committee may consider any request of Ministries / Departments / CPSUs for exemption from 20% procurement targets on case to case basis.

Q.No.25. Whether the laminated paper Gr-I, II and III falls under the paper conversion product (Sl. No. 202) and is a reserved item for exclusive procurement from MSEs.

Ans. The Laminated paper Gr.I,II and III are not covered under the paper conversion product(Sl. No.202) of the Public Procurement Policy. However, paper bags, envelopes, Ice-cream cup, paper cup and saucers & paper plates are reserved items at Sl. No. 202-Paper Conversion products.

Q. No.26. Whether MSEs having Udyog Aadhaar Memorandum is eligible for availing benefits under the Public procurement Policy?

Ans. Yes. The MSEs those having Udyog Aadhaar Memorandum are also eligible for availing the benefits under the Public Procurement Policy.

Q. No.27. Whether Ministry gives any certificate for MSEs having Udyog Aadhaar Memorandum registration?

Ans. The Erstwhile EM-I & EM-II has been replaced by Udyog Aadhaar Memorandum(UAM w.e.f. 18.09.2015. As part of ease of doing business, UAM has been introduced through dedicated portal on self certification basis. An acknowledgement of UAM is generated on line instantly which is accepted by all Central and State Govts.

Q. No.28. Whether Public procurement Policy is applicable to State Governments/State Departments/State PSUs?

Ans. The Public Procurement Policy for MSEs Order, 2012 is applicable only to Central Ministries/Departments/CPSUs. The State Governments have been requested to formulate similar kind of Public Procurement Policy suitable for their States.

Q. No.29. Whether the benefits of Public procurement Policy is applicable to MSEs who are not registered for tendered items?

Ans. The benefits of Public Procurement Policy should be given to all eligible MSEs irrespective of relevance of product category and as per Sl. No. 3 of FAQ.
